

Message Text

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42

ACTION NEA-10

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TAGS: EIND, ECON, EINV, CE

SUBJECT: GSL'S ASSUMPTION OF PLANTATION MANAGEMENT

REF A) COLOMBO 293 B) COLOMBO 3345

1. IN WAKE OF GOVERNMENT TAKEOVER OF MAJOR COLOMBO AGENCY HOUSE FOR NON-REMITTANCE OF FOREIGN EXCHANGE (REPORTED REF A) GSL ANNOUNCED FEBRUARY 6 ITS PHASED ASSUMPTION BY MARCH 31 OF MANAGEMENT OF ALL PLANTATIONS NATIONALIZED IN OCTOBER 1975 (REFTEL B). TRADITIONAL PLANTATION MANAGERS, PRIVATE-SECTOR AGENCY HOUSES, HAD BEEN RUNNING ESTATES AS STATUTORY TRUSTEES SINCE OCTOBER. NOW RECENTLY-NATIONALIZED STATE-OWNED PLANTATIONS WILL BE MANAGED BY STATE PLANTATIONS CORPORATION AND NEW GOVERNMENT BOARD, JANAVASAMA, UNDER LAND REFORM COMMISSION.

2. THIS ACTION REMOVES FROM AGENCY HOUSES THEIR PRIMARY TRADITIONAL FUNCTION-PLANTATION MANAGEMENT. BUT CHANGE, WHILE SUDDEN, WAS NOT UNEXPECTED RESULT OF ESTATE NATIONALIZATION. AGENCY HOUSES KNEW THEY WERE OPERATING UNDER INTERIM ARRANGEMENT AND RELATIONS
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BETWEEN GOVERNMENT AND TRUSTEES HAVE BECOME PROGRES-

SIVELY MORE STRAINED SINCE OCTOBER NATIONALIZATION.

3. IN RECENT YEARS, AGENCY HOUSES HAVE DIVERSIFIED INTO NON-TRADITIONAL ACTIVITIES INCLUDING TOURISM, GEM EXPORTS, SHIPPING, ETC. THUS NONE ARE EXPECTED TO GO OUT OF BUSINESS BECAUSE OF THIS LOSS OF PLANTATION MANAGEMENT FUNCTION.

4. ALTHOUGH LOCAL PRESS HAS HAILED THIS FORCED DIVESTITURE OF MANAGEMENT FUNCTIONS AS LAST CHAPTER IN ESTATE TAKEOVER (MEANING FINAL CEYLONISATION OF PLANTATION SECTOR), THERE IS NO ELEMENT OF NATIONALIZATION INVOLVED. ALL COMPANIES AFFECTED ARE INCORPORATED IN SRI LANKA AND ALL BUT TWO ARE ENTIRELY CEYLONESE -OWNED. NONE OF THEIR ASSETS HAVE BEEN TAKEN OVER.
VAN HOLLEN

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